

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>NEWBERG TOWNSHIP</b>	County <b>CASS</b>
Audit Date <b>3/31/04</b>	Opinion Date <b>7/19/04</b>	Date Accountant Report Submitted to State: <b>9/28/04</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:


1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>Siegfried Crandall PC</b>			
Street Address <b>246 East Kilgore Road</b>	City <b>Kalamazoo</b>	State <b>MI</b>	ZIP <b>49002-5599</b>
Accountant Signature 		Date <b>9/28/04</b>	

*Township of Newberg*  
*Cass County, Michigan*  
**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT**  
*Year ended March 31, 2004*

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**INDEPENDENT AUDITORS' REPORT**

**Board of Trustees  
Township of Newberg, Michigan**

We have audited the accompanying general purpose financial statements of the Township of Newberg, Michigan, as of March 31, 2004, and for the year then ended, as listed in the contents. These general purpose financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The general purpose financial statements referred to above do not include the general fixed assets account group, which should be included in order to conform with generally accepted accounting principles. The amount that should be recorded in the general fixed assets account group is not known.

In our opinion, except for the effects on the financial statements of the omission described in the preceding paragraph, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Township of Newberg, Michigan, as of March 31, 2004, and the results of its operations for the year then ended in conformity with U.S. generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund financial statements, as listed in the contents, are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Township of Newberg, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

*Siegfried Crandall P.C.*

July 19, 2004

## **GENERAL PURPOSE FINANCIAL STATEMENTS**

**Township of Newberg****COMBINED BALANCE SHEET - all fund types and account group**

March 31, 2004

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		<i>Governmental fund types</i>	
		<i>General</i>	<i>Special revenue</i>
		<u>          </u>	<u>          </u>
ASSETS			
Cash		\$ 177,487	\$ 156,368
Receivables:			
Accounts		2,090	5,172
Taxes		3,814	4,027
Due from other funds		18,051	14,612
Due from other governmental units		15,917	-
Amount to be provided for retirement of long-term debt		<u>-</u>	<u>-</u>
TOTAL ASSETS		<u>\$ 217,359</u>	<u>\$ 180,179</u>
LIABILITIES AND FUND EQUITY			
LIABILITIES:			
Accounts payable		\$ 1,826	\$ -
Accrued liabilities		8,217	4,023
Due to other funds		-	-
Due to other governmental units		-	-
Deferred revenue		3,814	4,027
Long-term debt		<u>-</u>	<u>-</u>
Total liabilities		<u>13,857</u>	<u>8,050</u>
FUND EQUITY:			
Fund balance - unreserved:			
Designated		4,405	-
Undesignated		<u>199,097</u>	<u>172,129</u>
Total fund balance		<u>203,502</u>	<u>172,129</u>
TOTAL LIABILITIES AND FUND EQUITY		<u>\$ 217,359</u>	<u>\$ 180,179</u>

<i>Fiduciary fund type</i>	<i>Account group</i>	<i>Totals</i>
<i>Agency</i>	<i>General long- term debt</i>	<i>(memorandum only)</i>
\$ 426,888	\$ -	\$ 760,743
-	-	7,262
-	-	7,841
-	-	32,663
-	-	15,917
-	70,902	70,902
<u>\$ 426,888</u>	<u>\$ 70,902</u>	<u>\$ 895,328</u>
\$ -	\$ -	\$ 1,826
-	-	12,240
32,663	-	32,663
394,225	-	394,225
-	-	7,841
-	70,902	70,902
<u>426,888</u>	<u>70,902</u>	<u>519,697</u>
-	-	4,405
-	-	371,226
-	-	375,631
<u>\$ 426,888</u>	<u>\$ 70,902</u>	<u>\$ 895,328</u>

See notes to financial statements

**Township of Newberg****COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - all governmental fund types**

Year ended March 31, 2004

	<i>General</i>	<i>Special revenue</i>	<i>Totals (memorandum only)</i>
REVENUES:			
Taxes	\$ 53,137	\$ 39,249	\$ 92,386
Licenses and permits	21,676	-	21,676
State grants	121,609	-	121,609
Contributions from other units	26,701	27,000	53,701
Charges for services	7,670	18,745	26,415
Interest and rentals	1,774	857	2,631
Other	4,664	1,758	6,422
Total revenues	<u>237,231</u>	<u>87,609</u>	<u>324,840</u>
EXPENDITURES:			
Legislative	1,930	-	1,930
General government	119,233	-	119,233
Public safety	36,089	54,978	91,067
Public works	30,073	-	30,073
Community and economic development	567	-	567
Capital outlay	14,700	37,283	51,983
Debt service:			
Principal	22,892	-	22,892
Interest	3,809	-	3,809
Total expenditures	<u>229,293</u>	<u>92,261</u>	<u>321,554</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>7,938</u>	<u>(4,652)</u>	<u>3,286</u>
OTHER FINANCING SOURCES (USES):			
Transfer from other funds	-	200	200
Transfer to other funds	-	(200)	(200)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>7,938</u>	<u>(4,652)</u>	<u>3,286</u>
FUND BALANCE - BEGINNING OF YEAR	<u>195,564</u>	<u>176,781</u>	<u>372,345</u>
FUND BALANCE - END OF YEAR	<u>\$ 203,502</u>	<u>\$ 172,129</u>	<u>\$ 375,631</u>

See notes to financial statements



**Township of Newberg****COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
FUND BALANCES - BUDGET AND ACTUAL - *general and special revenue funds****Year ended March 31, 2004*

	<i>General</i>		<i>Variance favorable (unfavorable)</i>
	<i>Budget</i>	<i>Actual</i>	
REVENUES:			
Taxes	\$ 44,272	\$ 53,137	\$ 8,865
Licenses and permits	21,000	21,676	676
State grants	125,000	121,609	(3,391)
Contributions from other units	-	26,701	26,701
Charges for services	6,000	7,670	1,670
Interest and rentals	3,000	1,774	(1,226)
Other	3,500	4,664	1,164
Total revenues	<u>202,772</u>	<u>237,231</u>	<u>34,459</u>
EXPENDITURES:			
Legislative	3,500	1,930	1,570
General government	157,799	119,233	38,566
Public safety	25,800	36,089	(10,289)
Public works	49,000	30,073	18,927
Community and economic development	2,600	567	2,033
Capital outlay	20,000	14,700	5,300
Debt service:			
Principal	-	22,892	(22,892)
Interest	-	3,809	(3,809)
Total expenditures	<u>258,699</u>	<u>229,293</u>	<u>29,406</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(55,927)</u>	<u>7,938</u>	<u>63,865</u>
OTHER FINANCING SOURCES (USES):			
Transfer from other funds	-	-	-
Transfer to other funds	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>(55,927)</u>	<u>7,938</u>	<u>63,865</u>
FUND BALANCE - BEGINNING OF YEAR	<u>195,564</u>	<u>195,564</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 139,637</u>	<u>\$ 203,502</u>	<u>\$ 63,865</u>

<i>Special revenue</i>			<i>Totals (memorandum only)</i>		
<i>Budget</i>	<i>Actual</i>	<i>Variance favorable (unfavorable)</i>	<i>Budget</i>	<i>Actual</i>	<i>Variance favorable (unfavorable)</i>
\$ 31,000	\$ 39,249	\$ 8,249	\$ 75,272	\$ 92,386	\$ 17,114
-	-	-	21,000	21,676	676
-	-	-	125,000	121,609	(3,391)
27,000	27,000	-	27,000	53,701	26,701
48,500	18,745	(29,755)	54,500	26,415	(28,085)
1,300	857	(443)	4,300	2,631	(1,669)
-	1,758	1,758	3,500	6,422	2,922
107,800	87,609	(20,191)	310,572	324,840	14,268
-	-	-	3,500	1,930	1,570
-	-	-	157,799	119,233	38,566
97,790	54,978	42,812	123,590	91,067	32,523
-	-	-	49,000	30,073	18,927
-	-	-	2,600	567	2,033
35,900	37,283	(1,383)	55,900	51,983	3,917
-	-	-	-	22,892	(22,892)
-	-	-	-	3,809	(3,809)
133,690	92,261	41,429	392,389	321,554	70,835
(25,890)	(4,652)	21,238	(81,817)	3,286	85,103
-	200	200	-	200	200
-	(200)	(200)	-	(200)	(200)
-	-	-	-	-	-
(25,890)	(4,652)	21,238	(81,817)	3,286	85,103
176,781	176,781	-	372,345	372,345	-
\$ 150,891	\$ 172,129	\$ 21,238	\$ 290,528	\$ 375,631	\$ 85,103

See notes to financial statements

**Township of Newberg**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The accounting policies of the Township of Newberg, Michigan (the Township), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governments, except as to the Township's investment in general fixed assets and changes therein. The following is a summary of the more significant policies:

*a) Reporting entity:*

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, these financial statements present the Township. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included. The Township has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a blended or discretely-presented component unit in the Township's financial statements.

*b) Basis of presentation:*

The accounts of the Township are organized on the basis of funds and an account group, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to, and accounted for in, individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The financial activities of the Township are recorded in the separate funds and account group, categorized, and described as follows:

*i) Governmental funds:*

General Fund - this fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund. Revenues are primarily derived from property taxes, state distributions, interest, and charges for certain services.

Special revenue funds - these funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

*ii) Fiduciary funds:*

Trust and agency funds - these funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

*iii) Account group:*

General long-term debt account group - this account group presents the balance of general obligation long-term debt.

**Township of Newberg**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

*c) Basis of accounting:*

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements.

All governmental and fiduciary fund types are accounted for using the modified accrual basis of accounting. Their revenues and other sources are recognized when they become measurable and available as net current assets.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt, which is recognized when due. Also, expenditures are not divided between years by the recording of prepaid expenses.

*d) Budgets and budgetary accounting:*

The Township follows the procedures in establishing the budgetary data reflected in the financial statements in accordance with the Uniform Budgeting and Accounting Act (Act No. 621, Public Acts of 1978) as prescribed by the State of Michigan.

Budgets for the general and special revenue funds are adopted at the activity level and are on a basis consistent with generally accepted accounting principles.

*e) Receivables:*

All receivables are estimated to be fully collectible as presented.

*f) Fixed assets:*

Purchases of fixed assets for all funds are recorded as expenditures in their respective funds at the time of purchase. The Township has not maintained the general fixed assets account group of accounts, which is required by generally accepted accounting principles.

*g) Property tax revenue recognition:*

Property taxes are levied as of December 1 on property values assessed as of December 31 of the prior year. The billings are due on February 14, with the final collection date of February 28, after which time the bill becomes delinquent and penalties and interest may be assessed by the Township. Property tax revenue is recognized in the year for which taxes have been levied and become available. The Township levy date is December 1, and, accordingly, the total levy is recognized as revenue in the current year.

*h) Totals (memorandum only):*

The total column on the combined statements is captioned "memorandum only" to indicate that it is prepared only to facilitate financial analysis. Data in this column does not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation as interfund eliminations have not been made.

**Township of Newberg**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 2 - CASH:**

*Deposits with financial institutions:*

Cash as presented in the combined balance sheet consists of deposits with financial institutions. Deposits are carried at cost and are maintained at various financial institutions in the name of the Township Treasurer. Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in accounts of federally-insured banks, credit unions, and savings and loan associations. At March 31, 2004, the Township has deposits with a carrying amount of \$760,743 and a bank balance of \$762,243. Of the bank balance, \$200,000 is covered by federal depository insurance and \$562,243 is uninsured.

**NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES:**

The amounts of the interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund receivables</u>	<u>Fund</u>	<u>Interfund payables</u>
General	\$18,051	Tax Collection	<u>\$32,663</u>
Fire	<u>14,612</u>		
	<u>\$32,663</u>		

**NOTE 4 - LONG-TERM DEBT:**

Long-term debt at March 31, 2004, is comprised of a \$148,264 note payable - Porter Township for interest in facilities and equipment of the dissolved Newberg-Porter Fire Department, due in annual installments in the amount of not less than \$8,750 through April 2007, interest imputed at 4.1%, with no penalty for early payoffs.

The summary of debt transactions of the Township for the year ended March 31, 2004, is as follows:

Balance at April 1, 2003	\$ 93,794
Debt issued	-
Debt retired	<u>(22,892)</u>
Balance at March 31, 2004	<u>\$ 70,902</u>

Based on current debt expenditures, the annual requirements to amortize all debt outstanding at March 31, 2004, including interest of \$10,048, are as follows:

Year ending March 31:	
2005	\$ 8,750
2006	8,750
2007	8,750
2008	<u>54,700</u>
	<u>\$80,950</u>

**Township of Newberg**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 5 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS:**

P.A. 621 of 1978, Section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the Township for these budgetary funds were adopted on an activity basis.

During the year ended March 31, 2004, the Township incurred expenditures in certain budgetary funds, which were in excess of the amounts appropriated.

The following schedule sets forth significant budget variations.

<u>Fund</u>	<u>Function</u>	<u>Activity</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General	Public safety	Emergency			
		medical services	\$ 9,000	\$15,833	\$ 6,833
	Debt service	Inspections	15,000	18,456	3,456
		Principal	-	22,892	22,892
Fire	Public safety	Interest	-	3,809	3,809
		Fire protection	29,990	32,179	2,189
	Capital outlay	Capital outlay	25,900	31,013	5,113

**NOTE 6 - RISK MANAGEMENT:**

The Township is exposed to various risks of loss related to torts, theft of, damage to, and destruction of, assets, errors and omissions, injuries to employees, and natural disasters. The Township carries commercial insurance for the above risks of loss. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal periods.

**NOTE 7 - CONSTRUCTION CODE ACT:**

A summary of construction code enforcement transactions for the year ended March 31, 2004, are as follows:

Permit revenues	\$20,467
Inspection expenses	<u>18,455</u>
Excess of revenues over expenses	<u>\$ 2,012</u>

## **SUPPLEMENTARY INFORMATION**

**Township of Newberg****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - General Fund**

Year ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES:			
Taxes:			
Current property taxes	\$ 31,000	\$ 37,200	\$ 6,200
Administration fee	<u>13,272</u>	<u>15,937</u>	<u>2,665</u>
Total taxes	<u>44,272</u>	<u>53,137</u>	<u>8,865</u>
Licenses and permits	<u>21,000</u>	<u>21,676</u>	<u>676</u>
State grants	<u>125,000</u>	<u>121,609</u>	<u>(3,391)</u>
Contributions from other units	<u>-</u>	<u>26,701</u>	<u>26,701</u>
Charges for services - Cemetery	<u>6,000</u>	<u>7,670</u>	<u>1,670</u>
Interest	<u>3,000</u>	<u>1,774</u>	<u>(1,226)</u>
Other:			
Cost reimbursements	3,500	2,064	(1,436)
Sale of fixed assets	<u>-</u>	<u>2,600</u>	<u>2,600</u>
Total other	<u>3,500</u>	<u>4,664</u>	<u>1,164</u>
Total revenues	<u>202,772</u>	<u>237,231</u>	<u>34,459</u>
EXPENDITURES:			
Legislative - Township Board	<u>3,500</u>	<u>1,930</u>	<u>1,570</u>
General government:			
Supervisor	8,343	8,343	-
Election	2,750	-	2,750
Assessor	18,664	12,490	6,174
Clerk	15,715	15,528	187
Board of review	850	780	70



**Township of Newberg****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCE - BUDGET AND ACTUAL - General Fund (Continued)**

Year ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
EXPENDITURES (Continued):			
General government (Continued):			
Treasurer	\$ 12,427	\$ 12,296	\$ 131
Cemetery	29,000	23,331	5,669
Other	<u>70,050</u>	<u>46,465</u>	<u>23,585</u>
Total general government	<u>157,799</u>	<u>119,233</u>	<u>38,566</u>
Public safety:			
Police protection	1,800	1,800	-
Emergency medical services	9,000	15,833	(6,833)
Inspections	<u>15,000</u>	<u>18,456</u>	<u>(3,456)</u>
Total public safety	<u>25,800</u>	<u>36,089</u>	<u>(10,289)</u>
Public works - highways and streets	<u>49,000</u>	<u>30,073</u>	<u>18,927</u>
Community and economic development - Planning and zoning	<u>2,600</u>	<u>567</u>	<u>2,033</u>
Capital outlay	<u>20,000</u>	<u>14,700</u>	<u>5,300</u>
Debt service:			
Principal	<u>-</u>	<u>22,892</u>	<u>(22,892)</u>
Interest	<u>-</u>	<u>3,809</u>	<u>(3,809)</u>
Total expenditures	<u>258,699</u>	<u>229,293</u>	<u>29,406</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(55,927)	7,938	63,865
FUND BALANCE - BEGINNING OF YEAR	<u>195,564</u>	<u>195,564</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 139,637</u>	<u>\$ 203,502</u>	<u>\$ 63,865</u>

**Township of Newberg**  
**COMBINING BALANCE SHEET - special revenue funds**  
March 31, 2004

	<u>Fire</u>	<u>Emergency Medical Services</u>	<u>Totals</u>
<b>ASSETS</b>			
Cash	\$ 110,029	\$ 46,339	\$ 156,368
Receivables:			
Accounts	-	5,172	5,172
Taxes	4,027	-	4,027
Due from other funds	<u>14,612</u>	<u>-</u>	<u>14,612</u>
<b>TOTAL ASSETS</b>	<u>\$ 128,668</u>	<u>\$ 51,511</u>	<u>\$ 180,179</u>
<b>LIABILITIES AND FUND EQUITY</b>			
<b>LIABILITIES:</b>			
Accrued liabilities	\$ 420	\$ 3,603	\$ 4,023
Deferred revenue	<u>4,027</u>	<u>-</u>	<u>4,027</u>
<b>Total liabilities</b>	<u>4,447</u>	<u>3,603</u>	<u>8,050</u>
<b>FUND EQUITY:</b>			
Fund balance - undesignated	<u>124,221</u>	<u>47,908</u>	<u>172,129</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$ 128,668</u>	<u>\$ 51,511</u>	<u>\$ 180,179</u>

**Township of Newberg****COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - *special revenue funds****Year ended March 31, 2004*


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	<i>Fire</i>	<i>Emergency Medical Services</i>	<i>Totals</i>
REVENUES:			
Taxes	\$ 39,249	\$ -	\$ 39,249
Contributions from other units	13,500	13,500	27,000
Charges for services	5,120	13,625	18,745
Interest	519	338	857
Other	43	1,715	1,758
	<u>58,431</u>	<u>29,178</u>	<u>87,609</u>
Total revenues			
	<u>58,431</u>	<u>29,178</u>	<u>87,609</u>
EXPENDITURES:			
Public safety	32,179	22,799	54,978
Capital outlay	31,013	6,270	37,283
	<u>63,192</u>	<u>29,069</u>	<u>92,261</u>
Total expenditures			
	<u>63,192</u>	<u>29,069</u>	<u>92,261</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(4,761)</u>	<u>109</u>	<u>(4,652)</u>
OTHER FINANCING SOURCES (USES):			
Transfers from other funds	-	200	200
Transfers to other funds	(200)	-	(200)
	<u>(200)</u>	<u>200</u>	<u>-</u>
Total other financing sources (uses)			
	<u>(200)</u>	<u>200</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(4,961)	309	(4,652)
FUND BALANCE - BEGINNING OF YEAR	<u>129,182</u>	<u>47,599</u>	<u>176,781</u>
FUND BALANCE - END OF YEAR	<u>\$ 124,221</u>	<u>\$ 47,908</u>	<u>\$ 172,129</u>

**Township of Newberg****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCE - BUDGET AND ACTUAL - Fire Fund**

Year ended March 31, 2004

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	<i>Budget</i>	<i>Actual</i>	<i>Variance favorable (unfavorable)</i>
REVENUES:			
Taxes	\$ 31,000	\$ 39,249	\$ 8,249
Contributions from other units	13,500	13,500	-
Charges for services	3,500	5,120	1,620
Interest	1,000	519	(481)
Other	-	43	43
	<u>49,000</u>	<u>58,431</u>	<u>9,431</u>
Total revenues			
EXPENDITURES:			
Public safety:			
Salaries	9,040	9,539	(499)
Operating supplies	5,500	5,706	(206)
Repairs and maintenance	7,500	10,992	(3,492)
Telephone	450	489	(39)
Utilities	3,000	3,622	(622)
Miscellaneous	4,500	1,831	2,669
	<u>29,990</u>	<u>32,179</u>	<u>(2,189)</u>
Total public safety			
Capital outlay	<u>25,900</u>	<u>31,013</u>	<u>(5,113)</u>
Total expenditures	<u>55,890</u>	<u>63,192</u>	<u>(7,302)</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(6,890)</u>	<u>(4,761)</u>	<u>2,129</u>
OTHER FINANCING USES:			
Transfer to Emergency Medical Services Fund	-	(200)	(200)
DEFICIENCY OF REVENUES OVER EXPENDITURES AND OTHER USES	(6,890)	(4,961)	1,929
FUND BALANCE - BEGINNING OF YEAR	<u>129,182</u>	<u>129,182</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 122,292</u>	<u>\$ 124,221</u>	<u>\$ 1,929</u>

**Township of Newberg****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCE - BUDGET AND ACTUAL - Emergency Medical Services Fund**

Year ended March 31, 2004

	<i>Budget</i>	<i>Actual</i>	<i>Variance favorable (unfavorable)</i>
REVENUES:			
Contributions from other units	\$ 13,500	\$ 13,500	\$ -
Charges for services	45,000	13,625	(31,375)
Interest	300	338	38
Other	-	1,715	1,715
Total revenues	58,800	29,178	(29,622)
EXPENDITURES:			
Public safety:			
Salaries	16,000	11,987	4,013
Operating supplies	21,800	5,499	16,301
Contracted services	6,000	2,050	3,950
Repairs and maintenance	1,500	177	1,323
Miscellaneous	22,500	3,086	19,414
Total public safety	67,800	22,799	45,001
Capital outlay	10,000	6,270	3,730
Total expenditures	77,800	29,069	48,731
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(19,000)	109	19,109
OTHER FINANCING SOURCES:			
Transfer from Fire Fund	-	200	200
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	(19,000)	309	19,309
FUND BALANCE - BEGINNING OF YEAR	47,599	47,599	-
FUND BALANCE - END OF YEAR	\$ 28,599	\$ 47,908	\$ 19,309

**Township of Newberg****STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - Agency Fund**

Year ended March 31, 2004

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	<i>Balance April 1, 2003</i>	<i>Additions</i>	<i>Deductions</i>	<i>Balance March 31, 2004</i>
TAX COLLECTION FUND				
ASSETS				
Cash	<u>\$ 172,953</u>	<u>\$ 1,163,927</u>	<u>\$ 909,992</u>	<u>\$ 426,888</u>
LIABILITIES				
Due to other funds	\$ 334	\$ 81,033	\$ 48,704	\$ 32,663
Due to other governmental units	<u>172,619</u>	<u>1,082,894</u>	<u>861,288</u>	<u>394,225</u>
TOTAL LIABILITIES	<u>\$ 172,953</u>	<u>\$ 1,163,927</u>	<u>\$ 909,992</u>	<u>\$ 426,888</u>

**Board of Trustees  
Township of Newberg  
Cass County, Michigan**

In planning and performing our audit of the financial statements of the Township of Newberg, for the year ended March 31, 2004, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control. However, we noted a certain matter, which is presented in the attached schedule of findings, involving the internal control and its operation that we consider to be a reportable condition under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect the Township's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of internal control would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the finding in the attached schedule is a material weakness.

This report is intended solely for the information and use of the Township Board, management, and others within the organization and is not intended to be, and should not be, used by anyone other than these specified parties.

*Siegfried Crandall P.C.*

July 19, 2004

***Township of Newberg***  
**SCHEDULE OF FINDINGS**

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**EMS Receivable Collections**

- Finding: Policies and procedures are not in place to monitor and collect amounts of EMS service fees billed in a timely manner, in order to ensure that the Township receives all collectible fees.

The EMS service fee revenues for the current year were significantly less than amounts received in prior years. Over \$40,000 in billings for the current year remain outstanding, with uncertain status. The accounts receivable ledger also includes a substantial amount of outstanding billings from past fiscal years, with no planned disposition or follow-up regarding possible collection.

- Recommendation: The Township should consider contracting with a third-party agency to handle all EMS billings and collections to provide the maximum amount of potential revenue, and to improve internal controls over service fee revenues.